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For a renewal of development studies: Latin American theories and neoliberalism in the era of structural adjustment

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In this paper I raise some contemporary concerns about development studies, particularly involving the neoclassical or neoliberal 'counter-revolution' in development theory. I then contrast the neoliberal position with the structuralist and dependency view regarding four key issues: structural adjustment, the new world order, state and markets, and development strategies. This comparison allows me to put into sharper focus the Latin American contribution to development studies since the Second World War.[1] I am going back to the future, so to speak, so as to be able to contribute towards the foundations of a post-Cold War development theory.

It is my belief that in order to revitalise and overcome the impasse in development studies it is necessary, on the one hand, to go back to fundamentals and, on the other hand, to re-think development studies in the light of the new realities, critiques, and theoretical developments.[2] This is especially necessary if the current hegemonic supremacy of neoliberalism in the social sciences, and particularly in economic policy, is to be counteracted. I hope that this article will further underline the fruitfulness of the development theories emanating from Latin America for gaining an understanding of the present development problems and for providing an alternative framework to neoliberal analysis and policy.[3]

The Crisis of Development Theory and the Resurgence of Neoliberalism

In the postwar years, especially during the 1950s, the Latin American structuralist school challenged neoclassical theory in general and orthodox trade theory in particular. The fierce critique by Latin American structuralism of neoclassical theory and the subsequent debates this generated, were part of a more general process which saw the emergence of development economics.[4]

Development theory flourished during the 1950s and the 1960s, but by the mid-1970s it came under increasing attack by neoclassical theory, which in turn experienced a resurgence while development theory became unsure of itself.[5] Today, neoliberalism is triumphant, especially in the wake of the end of the Cold War. Neoliberals are rushing to proclaim 'the end of history',[6] the emergence of a new neoliberal world order, and as a minor footnote, the irrelevance of development studies.[7] However, this self-confident, if not arrogant

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position, will increasingly be questioned, especially when the chickens come home to roost as the evidence of, and the social protest against, the negative consequences of neoliberal economic policies mount. There is increasing evidence that by 1992 neoliberalism has reached its zenith and this should provide some space for alternative paradigms.[8] Furthermore, while development studies might be at the 'crossroads' or in an 'impasse' it is far from being in demise. The Cold War might have ended but not the development problems of the world system, let alone of the periphery and the poor. Recent massive multivolume compilations on development economics indicate that at least this branch of development theory has reached a certain degree of maturity—see Chenery and Srinivasan[9] and Lal[10] notwithstanding his attack on development economics!

What factors have led to this neoclassical resurgence and counter-revolution in development thinking and policy?[11] First, the crisis of the welfare state and Keynesianism in the developed countries which spawned 'Thatcherism' in the UK and 'Reaganomics' in the USA, epitomising this new neoliberal discourse. Second, the failure of self-reliant development strategies and Third World socialism (of sorts)—witness the cases of Tanzania, Mozambique, Kampuchea, Chile, Nicaragua, and so on. Third, the success of the newly industrialising countries (NICs) in South-East Asia. Fourth, the debt crisis and the new vulnerability of many Third World countries which drives them to accept or submit to structural adjustment programmes (SAPs). This reveals the new power of the World Bank and of the IMF which are key exponents of the neoliberal message. Fifth, and last but not least, the collapse of 'real existing socialism' in Eastern Europe and its countries' embrace (for how long?) of the neoliberal message.

However, this resurgence of neoliberalism does not mean that development theory in general, and the Latin American development school in particular, got it all wrong. By no means. The dominance of neoliberalism is largely a result of the new strength of international capitalism and the social forces and international institutions, like the IMF and the World Bank, that support it. Nevertheless, it has to be recognised that possible weaknesses and deficiencies of development theories have contributed to this state of affairs. But history is very much alive and kicking, and it is far too premature to pronounce development studies dead. The continuing prevalence of poverty in the world, the ecological crisis, the rise in ethnic conflicts, and the problems of structural change in Eastern Europe reveal that humankind has not yet been able to resolve some fundamental problems of development. These and other problems remain a major challenge to us all and it is my belief that development theory is better equipped than neoliberalism for gaining an understanding of these problems and finding appropriate solutions for them.[12]

Controversies Between Neoclassical/Neoliberal and Structuralist/ Dependency Thinkers

In this section I deal with some issues arising from the presently dominant neoclassical and neoliberal paradigms which can be usefully contrasted with the structuralist and dependency paradigms.[13] When Lal launched his ideological and

ill-informed critique against the 'poverty of "development economics" ' he was resurrecting some of the old controversies between neoclassical economists and development economists.[14] However, while in the late 1940s and 1950s development economists were critically challenging neoclassical theorists, in the late 1970s and 1980s it was the other way round. The resurgence of neoclassical theory and neoliberal policies put development thinkers on the defensive.

I focus on three controversial issues. The first issue relates to the international dimension, and it can be summarised as the debate between those favouring a 'new international economic order' versus those promoting a 'new international order' or rather a 'new neoliberal world order'. The second issue refers to the old controversy of the state versus the market, and the third to the debate on 'inward-oriented' versus 'outward-oriented' development strategy or, more narrowly, import-substituting industrialisation (ISI) versus export-oriented industrialisation (EOI).

The Paradoxes of 'Structural' Adjustment

Before dealing with the controversies I want to indicate a paradox and make a clarification concerning 'structural' adjustment.[15] The paradox arises from the fact that, while SAPs proclaim to curtail the role of the state drastically, their successful implementation requires an even greater state intervention so as to carry out the reforms and to quell any social protest these might provoke.[16] Furthermore, with the SAPs the intervention of international supranational agencies, like the World Bank, into national affairs has reached new heights. All this is, of course, done by the neoliberals in the name of non-intervention!

This is not the only paradox, however. In some ways it could even be argued that neoclassicists and neoliberals, and especially the World Bank, have become structuralists of a sort. They could be referred to as 'neoliberal structuralists' to distinguish them from 'world-system structuralists' like Wallerstein.[17] The World Bank now recognises the importance of structural factors in development and is seeking to 'persuade' Third World governments to undertake major structural changes. However, these reforms go in the opposite direction to those which were proposed by the original Latin American structuralists. The neoliberal structural changes entail drastically rolling back the state by radically reducing government expenditure (especially welfare expenditure), privatising state enterprises, eliminating subsidies and protectionism, and liberalising markets, as well as switching from inward-oriented to outward-oriented development strategies. The shift to export-orientation is not only promoted for efficiency reasons but also for more self-interested reasons, as the World Bank and the international banking community thereby hope that the debt will be repaid, at least partially.

Thus, in a sense, it could be argued that the 'SAP neoliberals' are 'perverse structuralists', not only for the reason mentioned above but because they blame the 'original' or 'progressive' structuralists, and development economists in general, for the development problems of the Third World.[18] Development economists also stand accused of producing bad economic theory and thus polluting economics. These views about the 'unlamented demise of

"development economics" ' are exemplified in Lal's (1983: 109) final proclamation at the end of his book 'that the demise of development economics is likely to be conducive to the health of both economics and the economies of developing countries'.[19]

The New International Economic Order versus the New Neoliberal Order

First, I will refer to the debate on the new international economic order versus the new liberal order. When the centre–periphery paradigm and the thesis on the deterioration of the terms of trade were first presented they provoked an outcry and vicious critiques from orthodox economists which have fuelled debates ever since. Orthodox economists view international trade as an engine of growth, as a harmonious process in which all partners would benefit and, above all, in which the income gap between the industrial countries and the primary-producing countries would gradually be reduced and eventually even be eliminated. Meanwhile the structuralists, like Prebisch[20] and Singer,[21] already argued in the late 1940s and early 1950s that the benefits of trade were distributed unevenly and that as a consequence of the deterioration of the terms of trade world inequality was being reproduced.[22]

It is a logical outcome of Prebisch's analysis that he should propose in the mid-1960s the establishment of UNCTAD, the United Nations Conference of Trade and Development, propagating the idea of the 'new international economic order' during the late 1960s and the 1970s, which by attempting to reform the international economic system hoped to create a more equitable world. But this new international order never came about and UNCTAD's influence greatly declined during the neoliberal 1980s.

Today the catch word is 'new international order', although it would be more accurate to refer to it as the 'new neoliberal order'. This is the new political and economic order promoted by the OECD countries and the USA in particular, which has three power centres: the USA with the North American Free Trade Agreement (NAFTA) initiative, Japan's Pacific rim power system, and 'fortress Europe' composed of the EC countries with a unified Germany as the centre. This emerging tripolar world has led to the marginalisation of the Third World and the disappearance of the Second World. More importantly, it fails to address the key problems of poverty and inequality in the Third World.

So the slogan of the neoliberals is that outward-oriented development policies were, are, and continue to be superior to inward-oriented development policies.[23] They spread the gospel of SAPs so as to further integrate the LDCs into the world capitalist system with the promise that this holds the key to their development. Meanwhile neostructuralists stress 'development from within',[24] which echoes the old concept of inward-directed development, while at the same time calling for the promotion of exports—particularly of industrial exports—as well as demanding the elimination of the DCs' protectionism against their exports. In this sense the neostructuralists are no longer trade pessimists, as were the 'old structuralists'.

The State versus the Market

Second, I move to the other major debate which is on the state versus the market, or the role of the state and the market in development.[25] In structuralist and dependency thought, the state plays the key role in development, as indeed it does in development economics. The state undertakes planning and intervenes in the economy in order to overcome market failures, take account of externalities, provide public goods, surmount the lack of, or inadequacy of entrepreneurship by the private sector, and so on. The structuralists in particular have a benign view of the state which is seen as rational, progressive and acting in the national interest. A strong state is also justified in order to improve the country's bargaining power in relation to transnational corporations and within the world economy. But this is an economistic and technocratic view of the state which ignores its class character, contradictions and conflicts. Thus a proper theory of the state was lacking. But with the rise and fall of authoritarian governments over the last two decades this vacuum has been recognised and has started to be remedied.[26]

Today, neo-structuralists have a more realistic view of the state. They still favour state intervention, and they now want to 'get the balance right' between the state and the market (instead of just 'get the prices right' as in the case of the neoliberals). Thus they now recognise the importance of prices and markets, and what they seek to find is the right interaction between the state and the market so as to stimulate a positive and dynamic interaction between them. As a consequence of the neoliberals' critique the neostructuralist have adopted a 'market-friendly' and 'state-realistic' position as compared to the earlier view of the 'orthodox structuralists'.

The neoliberals are, by contrast, hostile to the state and trade unions, advocating privatisation, liberalisation, private entrepreneurship and deregulation of the labour market. The state is seen as the source of most of the development problems in the LDCs. They argue that state interventionism (or *dirigisme* in Lal's terminology) has created distortions in the price mechanisms which has resulted in the misallocation of productive resources and therefore lower rates of growth. The neoliberal slogan is that imperfect markets work far better than imperfect governments and planning.[27]

Inward-Directed versus Outward-Directed Strategies

Third, there is the controversy over 'inward-directed' versus 'outward-oriented' development strategy or, taking a cue from neostructuralists, 'development from within' versus 'development from outside'. I will not go over familiar ground concerning the relative merits of ISI or EOI, which is well done by Kirkpatrick,[28] but what is interesting to highlight is the enthusiasm of the neoliberals for the NICs and EOI which, however, as I will show is based on forgetfulness and misconceptions (not to say ideology).

As for the apparent lack of memory, neoclassicals and neoliberals are unwilling to admit that at one time they were against industrialisation in the Third World. They strongly argued that the LDCs' natural comparative advan-

tage was in the production and export of primary products (agricultural, mineral, and so on). They also fail to explain why their position has now changed, as now at least they are willing to consider the industrialisation of some Third World countries. But this industrialisation is seen as part of an outward-oriented development strategy. Undoubtedly the success of the NICs has changed their minds but their rationalisation of it is not only *ex-post* but also misconceived as will be seen next.

As for misconceptions, I will just mention three. A first misconception is that often the structuralists are perceived as having been against industrial exports. The situation is quite the opposite. Already in the mid-1950s Prebisch urged Latin American governments to promote industrial exports, but at that time this was much more difficult.[29] Latin America was not as strategically placed like South Korea or Taiwan in terms of the Cold War. Furthermore, the South East Asian NICs were small economies and thus far less challenging to the industrial interests of the OECD countries. Thus the USA and other OECD countries made special exceptions for the industrial exports from these NICs. But it has to be admitted that structuralists were trade pessimists at the time and thus failed to foresee the potential for industrial exports.

A second misconception arises from the neoliberals' presentation of themselves as the first and only critics of ISI. They either ignore or conveniently forget that some of the first and fiercest critiques of 'real existent import-substituting-industrialization', if I may so call it, were actually undertaken by the structuralists.[30]

The third misconception, which is ideologically motivated, involves the neoliberals' presentation of the success of the NICs as emanating from *laissez-faire*, from the rejection of the '*dirigisme*', and from an exclusively outward-oriented development policy. But since the mid-1980s an increasing number of studies have questioned this view.[31] In countries like South Korea there has been and continues to be strong state intervention in the economy, many industries were protected, and the country only ventured into exports after an initial (albeit brief) import-substitution phase. But this protectionism was discriminatory, flexible, time-specific and switched according to changing national priorities and international circumstances.[32]

As a consequence of the structuralist and the neoliberal critiques of ISI and the successful experience of the NICs, the neostructuralists present the issue of industrialisation as consisting of finding the right mix of ISI and EOI. Thus they favour combining import-substitution-industrialisation with export-oriented-industrialisation.[33] Contrary to the neoliberals, the neostructuralists are more aware that the success of the South-East Asian NICs has its specificities and cannot be automatically generalised. Thus the proper lessons have to be learnt from the NICs and readers should be aware of the neoliberals' dogmatism on this matter.

Final Reflections: Back to the Future

By way of conclusion then, I will make some final remarks. As mentioned, structuralism originated by contesting orthodox economic theory and neoclassical theory in particular. While during the 1950s, 1960s and to some extent the

early 1970s, the structuralist message had a major influence on Latin American governments and policy-making, as well as gaining a measure of respectability in development studies, it fell out of favour with the crisis of populism and developmentalism. This allowed the resurgence of neoclassical theory and neoliberal policies, which gained influence during the 1970s and became dominant in the 1980s throughout most of Latin America.

However, I remain unconvinced that neoliberalism has the answer to the development problems of the Third World, if development is understood not only as entailing the elimination of poverty, but also the construction of a more equitable and participatory world system. The income gap between the North and the South has continued to widen, especially during the 'lost' and 'debt-ridden' decade of the 1980s. Only a few NICs have been able to reduce the still enormous gap in incomes with the DCs and they remain the exception which proves the rule. The NICs do not herald (yet) 'the end of the Third World', as Harris argues,[34] or 'the disintegration of the Third World' as Killick mentions.[35]

The essential unequal nature of the world-system is still there and it continues to be reproduced. In this sense, the early and original structuralist critique of international trade theory and reality remains valid, although at a theoretical level the structuralists' analysis did not always get it right, nor was it comprehensive enough. But it was an essential and brilliant insight on which we can continue to build. So my argument is that the Latin American theories, and debates which they have generated, can make a valuable contribution to the emergence of a unified historical social science at the centre of which would be development studies.[36]

Furthermore, the new world system which is emerging in the post-Cold War era requires a unified social theory for its analysis and understanding. The interdisciplinary historical world view of the Latin American theories is eminently suitable for this task.[37] But the Latin American school is only one of the contributions which is required for the construction of such an alternative development studies discipline as this entails a synthesis of various strands in the social sciences. This universality should be the aim of development studies.

Thus development theory has a major task ahead, especially if it is understood as the study of development processes wherever they occur in the three worlds,[38] i.e. the First, Second (now in transition) and Third Worlds. In this sense I concur with Killick (1990: 67) that 'the whole world would be our oyster'.[39] To emphasise yet again, development studies could become the major discipline in the social sciences—because the problems of today are increasingly world problems, like the environment, poverty, refugees, international migration, trade, finance, security and so on.

Finally, some warnings and an expression of hope. It is essential to be constantly reminded that each society has its own particularities, its own history and culture. For this renewed development theory it is crucial to avoid the Anglo-Saxon or Northern ethnocentrism which permeated much of orthodox development thinking and is such a central part of neoclassical and neoliberal theory with its false claim of universality.[40] It is in this sense that the Latin American school's greatest contribution to development theory has been to

introduce a view from the South which exposed this ethnocentrism and asserted the specific history of the South.

In the name of modernisation and development many illusions and false hopes have been created only to be smashed later. This is a further reason for renewing development theory and does not justify, in my view, the rejection of development and the abandonment of development studies.[41] It should also alert us against imposing and constructing one closed theory, as this would lead to a 'tyranny of globalism'. Despite the globalising tendencies in the world system and the collapse of the Second World, it is profoundly erroneous to interpret this as 'the end of history' as some neoliberal thinkers confidently proclaim. The struggles against oppression and for democratisation have scored notable successes in recent years, changing the course of history. The ethnic and national conflicts in Eastern Europe are also a dramatic, if not tragic reminder, that history is alive and kicking. History is in the making by new social movements (as well as other less desirable forces). It is full of surprises as shown by the events which led to the sudden and unexpected end of the Cold War. Let us hope that development thinking can meet these challenges and contribute constructively to this history in the making.

Notes

[1] I have analysed comprehensively the Latin American theories of development and underdevelopment in *Latin American Theories of Development and Underdevelopment*, London: Routledge, 1989. For two extensive review essays based on this book and others, see D Slater, 'Development Theory at the Crossroads', *European Review of Latin American and Caribbean Studies*, 48, 1990; and AG Frank, 'Latin American Development Theories Revisited: A participant Review Essay', *European Journal of Development Research*, 3 (2), 1991, pp 146–159.

[2] Booth's seminal article (D Booth, 'Marxism and Development Sociology: Interpreting the Impasse', *World Development*, 13 (7), 1985, pp 761–787, reprinted in M Shaw (ed), *Marxist Sociology Revisited*, London: Macmillan, 1985) started a whole debate on the 'impasse' in development studies and how to go beyond its confines towards 'a new agenda' and 'new horizons': see P Vandergeest & F H Buttel, 'Marx, Weber, and Development Sociology: Beyond the Impasse', *World Development*, 16 (6), 1988, pp 683–695; L Sklair, 'Transcending the Impasse: Metatheory, Theory, and Empirical Research in the Sociology of Development and Underdevelopment', *World Development*, 16 (6), 1988, pp 697–709; S Corbridge, 'Post-Marxism and Development Studies: Beyond the Impasse', *World Development*, 18 (5); F H Buttel & P McMichael, 'Reconsidering the Explanadum and Scope of Development Studies', paper presented at the 'Workshop on Relevance, Realism and Choice in Social Development Research', Centre for Developing Area Studies, University of Hull; D Booth, 'Social Development Research: An Agenda for the 1990s', *European Journal of Development Research*, 4 (1), pp 1–39; D Slater, 'Theories of Development and Politics of the Post-modern—Exploring a Border Zone', *Development and Change*, 23 (3), pp 283–319; T Spybey, *Social Change, Development and Dependency: Modernity, Colonialism and the Development of the West*, Cambridge: Polity Press, 1992; D Booth, 'The Research Dimension: From Impasse to New Agenda', in F Schuurman (ed), *Beyond The Impasse: Development Theory in the 1990s*, London: Zed Books, 1993; F Schuurman, 'Introduction: Development Theory in the 1990s', in ibid; and D Slater, 'The Political Meanings of Development: In Search of New Horizons', in ibid.

[3] For a succinct overview of the Latin American development school, see my 'Reflections on the Latin American Contribution to Development Theory', *Development and Change*, 22 (1), pp 31–68. FitzGerald traces the origins of ECLA's structuralist thought. E V K FitzGerald, 'ECLA and Latin American Economic Thought in the Nineteenfourties', in D Rock (ed) *Latin America in the Post-War Period*, Berkeley, CA: University of California Press, forthcoming. For writings on the contemporary renewal of structuralist thinking in Latin America, which is often referred to as neo-structuralism, see the various contributions in J L L Dietz & D D James, (eds), *Progress Toward Development in Latin America: From Prebisch to Technological Autonomy*, Boulder, CO: Lynne Rienner Publishers, 1990; P Meller (ed), *The Latin American*

Development Debate: Neostructuralism, Neomonetarism, and Adjustment Processes, Boulder, CO: Westview Press, 1991; and O Sunkel (ed), *Development from Within: Toward a Neostructuralist Approach for Latin America*, Boulder, CO: Lynne Rienner Publishers, 1993. See also J A Ocampo, 'New Economic Thinking in Latin America', *Journal of Latin American Studies*, 22 (1), 1990, pp 169–181. From the high temple of structuralism itself a number of key publications have been launched in recent years which are giving shape to this neostructuralist paradigm, see United Nations Economic Commission for Latin America and the Caribbean (ECLAC), *Changing Production Patterns with Social Equity*, Santiago: ECLAC, 1990; *Sustainable Development: Changing Production Patterns. Social Equity and the Environment*, Santiago: ECLAC, 1991; *Social Equity and Changing Production Patterns: An Integrated Approach*, Santiago: ECLAC, 1992; and ECLAC/UNESCO, *Education and Knowledge: Basic Pillars of Changing Production Pattern with Social Equity*, Santiago: ECLAC/UNESCO, 1992.

[4] For a balanced and clear overview of orthodox and heterodox theories of economic development I recommend C P Oman & G Wignaraja, *The Postwar Evolution of Development Thinking*, London: Macmillan, 1991. This is one of the rare texts to give a proper appreciation of the Latin American structuralist and dependency schools. Also worthwhile examining is C Ramírez-Faria, *The Origins of Economic Inequality between Nations: A Critique of Western Theories on Development and Underdevelopment*, London: Unwin Hyman, 1991, which, however, contains some inaccuracies. D Hunt, *Economic Theories of Development: An Analysis of Competing Paradigms*, London: Harvester Wheatsheaf, 1989 provides a useful, though controversial, textbook on the competing paradigms in development economics. For a brief but illuminating view of the evolution of modern development thinking, see K Martin 'Modern Development Theory', in K Martin (ed), *Strategies of Economic Development: Readings in the Political Economy of Industrialization*, London: Macmillan, 1991 and for a concise and penetrating analysis of the concepts of development and underdevelopment, see H Bernstein 'Development and Underdevelopment', in T Bottomore & W Outhwaite (eds), *The Blackwell Dictionary of Twentieth-Century Social Thought*, Oxford: Blackwell, 1992.

[5] For critical self-appraisals by development thinkers from a variety of disciplinary backgrounds, see D Seers, 'The Birth, Life and Death of Development Economics (Revisiting a Manchester Conference)', *Development and Change*, 10 (4), 1979, pp 707–719; A Hirschman, 'The Rise and Decline of Development Economics' in A Hirschman, *Essays in Trespassing: Economics. Politics and Beyond*, Cambridge: Cambridge University Press, 1981; A K Sen, 'Development: Which Way Now?', *Economic Journal*, 93 (372), pp 745–762; reprinted in C K Wilber (ed), *The Political Economy of Development and Underdevelopment*, New York: Random House, 1988; W A Lewis, 'The State of Development Theory', *American Economic Review*, 74 (1), 1984, pp 1–10; Booth, op cit, note 2; D Apter, *Rethinking Development: Modernization, Dependency and Postmodern Politics*, Newbury Park: Sage, 1987; N Mouzelis, 'Sociology of Development: Reflections on the Present Crisis', *Sociology*, 22 (1), 1988, pp 23–44; R A Higgott, *Political Development Theory: The Contemporary Debate*, London: Routledge, 1989; A H Somjee, *Development Theory: Critiques and Exploration*, London: Macmillan, 1991; R E Galli (ed), (1992) *Rethinking the Third World. Contributions Towards a New Conceptualization*, New York: Crane Russak, 1992; B Hettne 'The Future of Development Studies', paper presented at the 'Agenda 2000 Conference' on the occasion of the 40th Anniversary of the Institute of Social Studies (ISS), The Hague, 1992; and Schuurman, op cit, note 2 among others. A worthwhile rethinking of development from a Caribbean perspective is done in J Wedderburn (ed), *Rethinking Development*, Kingston: Consortium Graduate School of Social Sciences, University of the West Indies, 1991. Meanwhile A K Dutt & K P Jameson (eds), *New Directions in Development Economics*, Aldershot: Edward Elgar, 1992 and S N H Naqvi, *Development Economics: A New Paradigm*, New Delhi: Sage, 1993 aim to provide a new direction and paradigm for development economics.

[6] F Fukuyama, *The End of History and the Last Man*, London: Penguin, 1992.

[7] For a hostile and devastating attack on development economics from a neoliberal standpoint, see D Lal, *The Poverty of 'Development Economics'*, London: Institute of Economic Affairs, 1983. Lal, in turn, has been heavily criticised by mainstream development economists like K Griffin, 'On Misreading Development Economics', *Third World Quarterly*, 6 (2), 1984, pp 486–492; F Stewart, 'The Fragile Foundations of the Neoclassical Approach to Development', *The Journal of Development Studies*, 21 (2), 1985, pp 282–292; and J Toye, *Dilemmas of Development: Reflections on the Counter-Revolution in Development Theory and Policy*, Oxford: Blackwell, 1987, among others. Bauer, the grand old man of 'neoliberal development economics' (to coin a category) has been a constant thorn in the flesh of mainstream (and especially structuralist) development economists. For his most recent retrospective critical view of development economics, see P T Bauer, *Reality and Rhetoric: Studies in the Economics of Development*, London: Weidenfeld and Nicholson, 1984.

[8] For a critique of the 'myth' or 'metaphor' of development from a libertarian, neo-populist and post-modernist perspective, see W Sachs 'The Archaeology of the Development Idea', *Interculture*, 23 (4), 1990; and G Esteva, 'Development' in W Sachs (ed), *The Development Dictionary*, London: Zed Books, 1992. A critique of development on a Western ethnocentric discourse regarding the Third World can be found in A

Escobar, 'Power and Visibility: The Invention and Management of Development in the Third World', *Cultural Anthropology*, 3 (4), 1988, pp 428–443. M Edwards, 'The Irrelevance of Development Studies', *Third World Quarterly*, 11 (1), 1989, pp 116–135, like Lal, argues that development studies is irrelevant and, worse still, is part of the problem of underdevelopment. However, he differs from Lal in his call for a participatory or action research methodology and practice in development, while for Lal the solution is to get rid of development studies altogether.

[9] H Chenery & T N Srinivasan, *Handbook of Development Economics*, Vol 1, Amsterdam: North–Holland, 1988; *Handbook of Development Economics*, Vol 2, Amsterdam: North–Holland, 1989 and further volumes are in the pipeline.

[10] D Lal, (ed), *Development Economics*, 4 vols, Aldershot: Edward Elgar, 1992.

[11] The dogmatic attacks by neoliberals against development economics has even moved the eminent mainstream economist Krugman to argue for a 'counter-counterrevolution' (sic) in development economics, i.e. to counter-attack or overturn the counterrevolution of neoliberalism. His view is that particularly the early development theories of the late 1940s and 1950s are valuable starting-points for this counterrevolution. P Krugman, (1993) 'Toward a Counter-counterrevolution in Development Theory', in L H Summers & S Shah (eds), *Proceedings of the World Bank Annual Conference on Development Economics 1992* (Supplement to The World Bank Economic Review and The World Bank Research Observer), Washington, DC: World Bank, 1993, pp 15–38. Martin (op cit, note 4), the unacknowledged pioneer of development economics, has been a constant advocate for seeking nourishment in the past development debates even before development economics emerged as an academic and professional discipline.

[12] The comprehensive and global analysis of Hettne reveals development theory at its best. While acknowledging and drawing upon Third World contributions to development theory he is an advocate of what I would call the 'Scandinavian development school' and which could also be referred to as the 'alternative development' paradigm. B Hettne, *Development Theory and the Three Worlds*, Harlow: Longman, 1990.

[13] An excellent analysis of the dependency school from a rigorous Marxist perspective is made by J Larraín *Theories of Development: Capitalism, Colonialism and Dependency*, Cambridge: Polity Press, 1989. He brings to the fore the writings of Hinkelammert, who has been much neglected outside Latin America. F Hinkelammert, *Dialéctica del Desarrollo Desigual*, Valparaíso: Ediciones Universitarias de Valparaíso, 1972. The origins of dependency analysis are explored by J L Love 'The Origins of Dependency Analysis', *Journal of Latin American Studies*, 22 (1), 1990, pp 143–168. An imaginative analysis of dependency and other contributions of the Latin American school to political theory and liberation theology is given by D Lehmann, *Democracy and Development in Latin America*, Cambridge: Polity Press, 1990. Frank has written an autobiographical essay of sorts in which he highlights his links to the Latin American school. A G Frank, 'The Underdevelopment of Development', *Scandinavian Journal of Development Alternatives*, 10 (3), 1991, pp 5–72. For a critical and resentful analysis of the 'dependency movement' and its impact in development studies, see R A Packenham, *The Dependency Movement: Scholarship and Politics in Development Studies*, Cambridge, MA: Harvard University Press, 1992. For a recent view on dependency from the pen of the author of a much quoted and seminal essay on dependency, see J G Palma, 'Dependency', in J Eatwell, M Milgate, & P Newman (eds), *The New Palgrave: Economic Development*, London: Macmillan, 1989. Finally, didactic comparative analyses of the modernisation, dependency and world-system theories, but which are biased toward the more familiar Anglo-Saxon authors, are provided by A Y So *Social Change and Development: Modernization, Dependency, and World-System Theories*, Newbury Park, CA: Sage, 1990; and W Hout, *Capitalism and the Third World: Development, Dependency and the World System*, Aldershot: Edward Elgar, 1993.

[14] Lal, op cit, note 7.

[15] Palma provides a useful and concise analysis of the different meanings of the term 'structuralism' in the social sciences, but unfortunately he fails to refer to the use of the term in SAPS. J G Palma, 'Structuralism', in Eatwell *et al.*, op cit, note 13.

[16] SAPS as propagated by neoliberals and the World Bank have been critically examined by G K Helleiner 'Conventional Foolishness and Overall Ignorance: Current Approaches to Global Transformation and Development' in C K Wilber and K P Jameson (eds), *The Political Economy of Development and Underdevelopment*, New York: McGraw-Hill, 1992.

[17] M Bienefeld, 'Rescuing the Dream of Development in the Nineties', paper prepared for the 25th Anniversary of the Institute of Development Studies at the University of Sussex, 1991, pp 14, 20, speaks of the 'right-wing structuralism' and 'militant structural adjustment' of the World Bank. For a useful overview of the world-system perspective, see T R Shannon *An Introduction to the World-System Perspective*, Boulder, CO: Westview Press, 1989.

[18] World Bank, *Accelerated Development in Sub-Saharan Africa* (The Berg Report), Washington DC: World Bank, 1981; I M D Little, *Economic Development: Theory, Policies and International Relations*, New York: Basic Books, 1982; and Bauer, op cit, note 8.

[19] Lal, op cit, note 7.

[20] For a succinct biography and exposition of Prebisch's ideas, see J G Palma 'Prebisch, Raúl (1901–1985)',

in P Arestis & M Sawyer (eds), *A Biographical Dictionary of Dissenting Economists*, Aldershot: Edward Elgar, 1992.

[21] For recent views by Singer on the terms of trade debate, see H W Singer 'Terms of Trade and Economic Development', in Eatwell *et al*, op cit, note 13; H W Singer, 'Terms of Trade: New Wine and New Bottles?' *Department of Policy Review*, 9 (4), 1991, pp 339–351; P Sarkar, & H W Singer, 'Manufactured Exports of Developing Countries and their Terms of Trade since 1965', *World Development*, 19 (4), 1991, pp 333–340; and J Edström, & H W Singer, 'Trends and Volatility in the Net Barter Terms of Trade: Their Consequences for Growth in GNP', paper presented at the 'Development Studies Association (DSA) 1992 Annual Conference', Nottingham University, 16–18 September 1992. For his own brief autobiography, see H W Singer, 'Singer, Hans Wolfgang (born 1910)', in Arestis & Sawyer, op cit, note 20.

[22] Ocampo (1993) updates the debate on the terms of trade and centre-periphery relations from a neo-structuralist perspective. J A Ocampo, 'Terms of Trade and Center–Periphery Relations', in Sunkel, op cit, note 3. For an examination of the Prebisch–Singer thesis in the light of recent statistical evidence, see D Diakosavvas and P L Scandizzo 'Trends in the Terms of Trade of Primary Commodities, 1900–1982: The Controversy and its Origins', *Economic Development and Cultural Change*, 39 (2), 1991, pp 231–264; and J T Cuddington, 'Long-run Trends in 26 Primary Commodity Prices: a Disaggregated Look at the Prebisch–Singer Hypothesis', *Journal of Development Economics*, 39 (2), 1992, pp 207–227.

[23] A O Krueger, 'Alternative Trade Strategies and Employment in LDCs', *American Economic Review*, 68 (2), 1978, pp 270–274; and D Lal, & S Rajapatirana, 'Foreign Trade Regimes and Economic Growth in Developing Countries', *World Bank Research Observer*, 2 (2), 1987, pp 189–217. Also in D Lal (ed), *Development Economics*, Vol 3, Aldershot: Edward Elgar Publishers, 1992, pp 331–335, 366–394.

[24] J Ramos, & O Sunkel, 'Toward a Neostructuralist Synthesis', in Sunkel, op cit, note 3; and O Sunkel, 'From Inward-looking Development to Development from Within', in ibid.

[25] C Colclough, & J Manor, (eds), *States or Markets?: Neo-liberalism and the Development Policy Debate*, Oxford: Clarendon Press, 1991 provides a good analysis of the debate on states and markets in the development policy debate. The chapters by Colclough and Toye are particularly relevant in this context.

[26] The pioneering study by G O'Donnell, *Modernization and Bureaucratic-Authoritarianism*, Berkeley, CA: University of California Press, 1973 played a key role in stimulating research on the theory of the state in Latin America and beyond, see Lehmann, op cit, note 13.

[27] Lal, op cit, note 7.

[28] C Kirkpatrick, 'Trade Policy and Industrialization in LDCs', in N Gemmel (ed), *Surveys in Development Economics*, Oxford: Blackwell, 1987.

[29] A Gurrieri, (ed), *La Obra de Prebisch en la CEPAL*, Vols 1 and 2, Mexico City: Fondo de Cultura Económica, 1982.

[30] See, among others, R Prebisch, *The Economic Development of Latin America and its Principal Problems*, New York: United Nations, 1950; reprinted in *Economic Bulletin of Latin America*, 7 (1), 1962, pp 1–22; M C Tavares, 'The Growth and Decline of Import Substitution in Brazil', *Economic Bulletin for Latin America*, 9 (1), 1964, pp 1–59; and C Furtado, *Economic Development of Latin America*, Cambridge: Cambridge University Press.

[31] N Harris, *The End of the Third World: Newly Industrializing Countries and the Decline of an Ideology*, Harmondsworth: Penguin Books, 1987.

[32] D Colman, & F Nixson, *Economics of Change in the Less Developed Countries*, Oxford: Philip Allan, 1993.

[33] O Muñoz, 'The Process of Industrialization: Theories, Experiences, and Policies', in Sunkel, op cit, note 3.

[34] Harris, op cit, note 31.

[35] T Killick, 'Wither Development Economics?', *Economics*, Summer 1990, pp 62–69.

[36] The late Dudley Seers was one of the few Anglo-Saxon pioneers of development studies to have appreciated early on the significance of the Latin American school. For an appreciation of his work and influence, see R Thorp, 'Seers, Dudley', in Eatwell, op cit, note 13; J Toye, (ed), 'Dudley Seers: his Work and Influence', *IDS Bulletin*, 20 (3) (special issue), 1989, pp 1–70; and R Jolly, 'Seers, Dudley (1920–1983)', in Arestis & Sawyer, op cit, note 20.

[37] Manzo, while holding a counter-modernist view of development theory, writes in a suggestive essay that dependency theory 'ought to be retained in any new approach to the study of Third World development' (p 3). K Manzo, 'Modernist Discourse and the Crisis of Development Theory', *Studies in Comparative International Development*, 26 (2), 1991, pp 3–36.

[38] The expression 'Three Worlds' I take from Hettne (op cit, note 12) who explores in a suggestive manner the connections between the Three Worlds and development theory.

[39] Killick, op cit, note 35, p 67.

[40] Unfortunately most texts on development thinking are seriously flawed by their Anglo-Saxon or Northern bias. Even the frenchman Hugon (1991) laments the Anglo-Saxon dominance in development theory and its disregard of the francophone contribution. P Hugon, 'The Three Periods of Francophone Thinking in Development Economics', *European Journal of Development Research*, 3 (2), 1991, pp 84–108. Indicative of the Anglo-Saxon bias in mainstream development theory is the lengthy essay written by the eminent

economist Stern and published in one of the leading and most prestigious economics journals. N Stern, 'The Economics of Development: A Survey', *Economic Journal*, 99 (397), 1989, pp 597–685. Hugon might lament the marginalization of the francophone literature in the extensive bibliography reviewed by Stern, but my complaint goes even further as Stern hardly refers at all to the Third World contribution to the discipline. For authors who expose this eurocentrism or Western ethnocentrism and who make a strong case for learning from the South or periphery, see H J Wiarda 'Toward a Nonethnocentric Theory of Development: Alternative Conceptions from the Third World', *Journal of Developing Areas*, 17 (4) 1983, pp 433–452; reprinted in C K Wilber and K P Jameson (eds), *The Political Economy of Development and Underdevelopment*, New York: McGraw-Hill, 1992; H W Singer, N Hatti, & R Tandon (eds), *Economic Theory and New World Order*, New World Order Series, Vol. 1, New Delhi: Ashish, 1987; S Amin, *Eurocentrism*, London: Zed Press, 1989; Edwards, op cit, note 8; D Slater, 'On the Borders of Social Theory: Learning from Other Regions', *Environment and Planning D: Society and Space*, 10, 1992, pp 307–327; and M A Choudhuri, *Comparative Development Studies: In Search of the World View*, London: Macmillan, 1993. For a non-Northern-centred geographical, and otherwise, vision of the South, see B Crow and A Thomas *Third World Atlas*, Milton Keynes: Open University, 1983 and for a non-Northern-centred dictionary of Third World terms, see K B Hadjor, *The Dictionary of Third World Terms*, London: Penguin, 1993.

[41] While I share many of Sachs's criticisms of development I disagree with him when he writes that 'the idea of development stands like a ruin in the intellectual landscape' and that 'it is time to dismantle this mental structure ... [and to] bid farewell to the defunct idea in order to clear our minds for fresh discoveries' (Sachs, op cit, 1992, note 8, p 1). G Sørensen, 'Strategies and Structures of Development: The New "Consensus" and the Limits to its Promises', *European Journal of Development Research*, 3 (2), 1991, pp 121–145, in contrast to Sachs, is more hopeful by arguing that a new development creed or consensus is emerging, especially regarding development strategies which strike 'a sensible mix between market forces and state intervention'. It remains to be seen whether such a consensus will become more widespread and, furthermore, if it is sustainable.

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